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Hammond, John Hays

Paramount national issues

[Washington]

[1915]

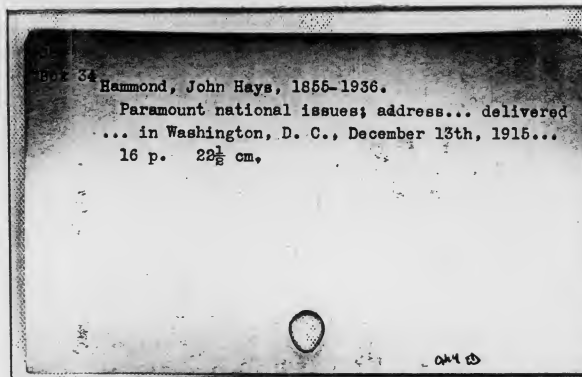
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Paramount National Issues

Address of the

Hon. John Hays Hammond

President of the National Republican League

Delivered before the Members
of Executive Committee and
Delegates to the Conference
held in Washington, D. C.,
December 13th, 1915

Compliments of the National Republican League

Paramount National Issues

by the
Hon. John Hays Hammond

(Compliments of the National Republican League)

It is unfortunate that the solution of great problems purely economic in character is not entirely dissociated from party politics, but such is, nevertheless, the fact. Legislation affecting the tariff, the trusts, the currency, the Merchant Marine and other problems essentially economic in import and vital to the welfare of the entire nation is too often determined on strictly political lines. These questions are, in a large measure, settled by politicians upon the stump, not by business men in boards of trade.

The Tariff.

The tariff, for example, is inherently an economic and not a political problem, and while it may not be possible to take the tariff out of politics, it is, at least, possible, and certainly desirable to keep politics out of the tariff.

Commission of Tariff Experts.

For this reason, as a business man, I have favored the creation of a permanent, non-partisan commission of tariff experts to present authentic facts for the edification of Congress and of the people of the country in general relating to proposed tariff revision.

Tariff Revision—Schedule by Schedule.

As a business man, I also advocate tariff revision, schedule by schedule, not only to prevent shock to industry occasioned by sudden and sweeping changes in the tariff, but also to prevent logrolling which makes it possible for selfish interests to secure excessive protection. As a sine qua in giving any industry the benefit of a protective tariff, that industry must pay to its wage earners, as the minimum, a fair *living* wage according to American, *not* European standards.

National Tariff Policy.

Our tariff policy should be a national, American policy, permanent in its character and subject only to occasional modifications demanded by the exigencies of changing conditions. Such a tariff policy would dispel the uncertainty among industrial interests and the consequent business depression that characterizes periods immediately preceding every national election.

Vindication of a Protective Tariff.

One of the great economic lessons of the terrible European War is the complete vindication of the principle of a protective tariff policy, that policy which has resulted in the creation, the expansion and the diversification of our great national industries, and incidentally, let it be noted, in providing an adequate revenue for our Federal Government without levying a "war" tax in time of peace.

Dollar Diplomacy.

There should be, in my opinion, a readjustment of our commercial treaties as soon after the war as possible so as to enable our Government to make separate treaties with other nations to our mutual advantage, giving us an adequate return for any concessions we may make as to the admission of their exports. This is, admittedly, dollar diplomacy—but good, honorable, legitimate business; the Pecksniffian pinheads to the contrary notwithstanding.

Trade Treaties.

One of the effects of the European war will be a radical change in the commercial relations between the different European nations. England's policy will probably undergo important modifications as to the tariff. I believe that she will adopt the principle of a protective tariff to safeguard her industries during the period of rehabilitation, and, incidentally as a source of national revenue. England would be wise to base upon such a protective tariff reciprocal trade treaties and conventions with her Colonies and with her present Allies, to whom she has given large financial aid during the war. The effect of such a policy would be, for some time at least, to shut out Germany's exports from the markets of Great Britain, her Colonies and Dependencies, with the result that Germany would be compelled to seek other markets and become there one of our most formidable competitors. We likewise would be adversely affected by such a change in England's fiscal policy; and it is for such contingencies that trade treaties should provide.

Favorable Trade Balances.

Many of us have been deluded into a feeling of national security, financially speaking, because of the so-called "favorable" trade balances, amounting to several hundred millions of dollars a year, that our Nation has enjoyed; but these trade balances are fictitious, not real, as will be seen from the explanation of what are called by economists the annual "*invisible exports*," that tend to wipe out this apparent credit balance. These normal "*invisible exports*" are, first, one hundred and seventy-five million dollars or more on account of payments of loans made to this country, and of interest and dividends due to European financiers on investments made here, the United States still being a debtor nation to Europe to the extent of about three and one-half billion dollars for money borrowed and expended in the development of our national industries. Second, money drawn on letters of credit and other forms of foreign drafts by Americans traveling or residing abroad, which, according to Sir George Paish, amounts to a net yearly sum of about one hundred and seventy million dollars. Third, funds remitted abroad for investment by immigrants residing in this country. These remittances amount to from one hundred and fifty million dollars to two hundred and fifty million dollars annually. Fourth, sums remitted by American manufacturers and merchants in payment of freight shipped in foreign bottoms, estimated at a net sum, after deductions, of about one hundred million dollars. This makes a total sum, conservatively estimated at from five to six hundred

million dollars yearly of invisible exports, to be deducted from our "favorable" trade balance.

From this explanation it is obvious that our Nation must have an excess of exports over imports to cover these "invisible exports," or it must pay the difference, that is, the deficit, either by the shipment of gold abroad or by selling additional American securities to foreign investors.

In times of a great European war and its aftermath, the sale of American securities abroad is, of course, impracticable, and there is then no alternative but the exportation of American gold to liquidate our indebtedness. The continued shipments abroad of large sums of gold would of course soon become a great menace to the financial integrity of the Nation. The present tariff unfortunately operates to produce an excess of imports rather than of exports. We have indisputable evidence of this in the records of our foreign trade for the five months preceding the outbreak of the European war, at which time the monthly imports actually exceeded the exports owing to the unscientific revision of the tariff under the Underwood law.

Fortunately, the effect of the war has been to create what is tantamount to a protective tariff by reason of the incident restriction of exports to this country from the belligerent nations.

Calamity Averted.

A great national calamity—financial and industrial—has thus been averted, on the one hand, by availing temporarily of a fortuitous and abnormally large exportation of foodstuffs and munitions of war to the belligerent nations and, on the other, by restricting the importation, as I have said, of the products of those countries.

Interdependence of Industries.

Another lesson we have learned from the war is the interdependence of our industries; the vital dependence, for example, of the great industry of agriculture upon the prosperity of the manufacturing industry, for in the manufacturing centers it finds its best market. We learn the importance of all of our industries to the manifold and extensive classes employed in our great transportation systems, in our agencies of distribution, etc., and we must conclude, therefore, that the keynote of our economic and fiscal legislation must ever be to preserve unimpaired the integrity of our home industries and the purchasing power of our domestic markets.

Importance of Home Markets.

The magnitude of our incomparable home market is evidenced when we note that it absorbs yearly thirty-five billion dollars worth of American products—more than twice the value of the entire exports of the whole world.

Greater New York City alone manufactures yearly products with a value of two and a half billion dollars, which is considerably more than the entire exports and imports of South America.

Our Export Trade.

With a rapidly increasing population and especially a rapidly increasing number of wage-earners we must extend our industrial activities, but at the same time we must not lose sight of the fact that over-extension in industry inevitably causes depression in times of business recession. Indeed, authorities agree that we are now rapidly approaching the limit, that is to say the point of saturation in our domestic markets, at least in so far as present demands under normal conditions are concerned.

It is obvious, therefore, that we must either curtail the capacity of our factories (which would result in throwing out of employment millions of wage-earners and the disorganization of complementary industries as well) or we must depend upon the exploitation of foreign countries for the relief of our congested home markets.

Seeking Foreign Markets.

In competing for foreign markets we must meet our great trade rivals, who, by years of experience and by the expenditure of colossal sums of money, have obtained a foothold more or less firm in the markets we seek. Therefore, to successfully compete with these nations we must secure for ourselves every advantage we can derive from the most efficient exploitation of our national industries, fostered by constructive legislation at home and promoted by able commercial diplomacy abroad. This has been notably the policy of Germany and its success is evidenced by the unparalleled strides she had made in the development of her great foreign commerce.

Views Expressed Unbiased.

In my discussion of the tariff, as well as of big business, I would state that I have no interest dependent in any way upon a protective tariff, but on the contrary, personally, my pecuniary interests would be very greatly benefited by free trade and, lest I be suspected of being influenced by connection with trusts, I would also state that I have no connection whatsoever with trusts, but that the expression of my views is based solely on an intimate knowledge of the operation of tariff laws and of trusts in Europe—the home of our great trade rivals.

"Big Business."

There has been much unintelligent prejudice, partly inspired for political purposes, against what we call "Big Business," but the people of the country ought by this time to be convinced that unless our industries can be developed on large-scale production, as is the practice of our great European trade rivals, we shall be seriously handicapped in our quest for foreign markets. England permits, France encourages, and Germany sometimes even compels combinations in the interest of the industry involved and of the general public. For example, governmental intervention was of great advantage to the potash industry in Germany, and the more recent intervention of that government to prevent cut-throat competition between the Hamburg-American and the North German Lloyd lines was undoubtedly most beneficial to German stockholders.

The policy of Germany has been to promote the prosperity of its industries, not to invoke the technicalities of laws formulated by unpractical theorists in political economy, as in America.

Reasonable Stability in Prices the Basis of Prosperous Trade.

In this country, unfortunately, competition is regarded by many of our political leaders as the "life of trade," but as a matter of fact competition when unduly stimulated often works irreparable injury to industrial communities by the resulting lower wages; by fluctuations in prices which depress business, and by the loss of investments which deter other investors from entering new fields of industrial enterprise. "Reasonable stability in prices is the basis of prosperous trade."

Let me give you one example (I could give many) of ruinous competition that is made necessary by the strict enforcement of the Sherman law. For many years the entire bituminous coal mining industry from the Mississippi to Virginia has been conducted in many instances without any, and, in general, without adequate profit. We have been shipping and selling yearly to foreign countries millions of dollars worth of coal at an actual loss to the mine operators. As a consequence of this kind of competition the operators have been compelled to leave unmined, and irretrievably lost, upwards of 40 per cent. of the coal in the beds—a far worse feature of this policy being the appalling loss of life in the mines because of enforced economies in operation.

Germany and Belgium have passed through a similar crisis in their coal history, but by the wise adoption of the legalized Cartell system the industry in those countries was at the outbreak of the war not only on a profitable basis, but the operators were able to extract nearly all the coal in the coal measures, with a greatly reduced loss of life in mining operations.

Sherman Law.

In the enforcement of the Sherman law our Government should remove, as far as possible, obstacles to the cheap production of commodities for our export trade, so as to place our country at least at no disadvantage compared with our competitors. Furthermore, co-operative combinations and the fixing of prices for products exported should be legalized to enable the smaller industries to more advantageously exploit foreign fields. Then, too, it should be legal for transportation companies to give special rates to the seaboard for products destined for shipment abroad.

Prices Abroad.

One of the practices that has been much criticized is the sale of our products abroad at lower prices than at home, but this practice is amply justified because of the fact that we are dealing chiefly with our surplus products, especially in times of depression. The alternative policy would be to close down the mills; by so doing the effective organization which has been built up would be impaired and many wage earners would be thrown out of employment.

So great is the interdependence of the commercial nations of the world that we find in times of depression in this country similar conditions prevailing in Europe, and consequently congested home markets for their products.

To compete successfully, therefore, with the minimum prices of our European competitors in foreign markets it is often necessary, especially under conditions referred to, for us to make lower quotations abroad than those current at home. This is the practice of all European nations. A further vindication of such a policy is that by securing the foreign trade, which would otherwise go to our competitors, we are enabled to retard the expansion of their plants and in that way to prevent them from attaining the low costs of production that we ourselves enjoy; so that, after all, in the long run, the maintenance of the maximum production of our mills results in an average price in our home market lower than could be attained by operating on a smaller scale, and thus the consumer gains rather than loses by this unjustly condemned practice.

American Merchant Marine.

An American Merchant Marine would be most valuable in the development of our foreign trade. Today only about ten per cent. of our foreign commerce is carried in American-owned vessels, ninety per cent. being carried in vessels for the most part owned and controlled by our trade rivals. Direct and frequent sailings are of inestimable advantage in the development of trade relations, but while this is true, many of us do not approve steamship lines being owned or controlled by the Government as that would obviously deter private investment in lines which would be subject to competition by Government-owned vessels.

The rehabilitation and expansion of our Merchant Marine can best be accomplished by private enterprise after the necessary amendment of our navigation laws, but to compensate for the subsidies given to their nationals by other Governments we must either give American shipping the benefit of discrimination or countervailing duties in favor of imports carried in American bottoms or the provision of subventions, etc. According to Senator Underwood, "All of the great shipping nations of the world are today granting subsidies in one form or another to their ships passing through the Suez Canal except our own Government. Already," he states, "two of the shipping nations are providing subsidies for the ships passing through the Panama Canal, and undoubtedly the other shipping nations will shortly adopt the same policy." Another argument in favor of a Merchant Marine is that it is an indispensable auxiliary of an efficient navy.

Banking Facilities.

But, far more important than an American Merchant Marine is the extension of American banking facilities in foreign countries. This is now made possible by the Federal Reserve law, and the National City Bank of New York is to be commended for the enterprise it is showing in establishing branch banks in South America and elsewhere.

Cost of Production.

One of the fundamental requisites for successful competition for the world's markets is low cost of production, and in this connection it is well to disabuse the mind of the public of the long-cherished delusion of the tremendous "superiority of American labor," "Yankee ingenuity" and "American machinery" over that of all foreign countries. The fact is, that this superiority in productive efficiency no longer obtains in the same degree as formerly and for the reason that technical training abroad, coupled with the introduction of American machinery, has already minimized the advantage that America formerly enjoyed in this respect. When this situation is realized there can be but little doubt that for their self-protection American wage earners will be compelled to increase their efficiency so as to render possible the maintenance of the American standard of living while lowering the cost of production to enable our country to compete successfully with our rivals for foreign commerce.

American Investments Abroad.

The investment of a nation's capital abroad is of great advantage in the expansion of its commerce; it is, indeed, the "Open Sesame" to that nation's export trade.

In order to stimulate the investment of American capital in foreign lands it is prerequisite that the investor be assured of protection by his government against any unfair interference or discrimination on the part of foreign governments where these investments are made. It will not be necessary for our Government to assume a truculent attitude towards the smaller nations where investments may be less securely established than in other countries, nor is it expected that our Government should in any way guarantee the success of commercial enterprises, for business men are willing to assume legitimate risks in their investments; but it is as I have said, nevertheless imperative that our Government demand and secure the fair treatment of its citizens who have invested their capital in legitimate industry under laws obtaining in the country when those investments were made. Certain it is that laws resulting in the confiscation of property, legally acquired, do not justify a great nation in repudiating its obligation to obtain the redress of the legitimate grievances of its citizens, and certain it is also that our Nation, if it hope to compete with other great nations in the development of foreign markets, must at least secure for its citizens the same guarantee of the protection of life and property as is assured the nationals of our competitors in commerce in those countries.

Industrial Peace.

One of the essentials of efficiency in production is industrial peace. This is too large a subject to discuss on this occasion, but, while realizing the complexity of the problem, I do not believe that I am too optimistic in expressing the opinion that the relations between employer and employee are better today, fundamentally, than for many years past. The employer appreciates the justice and also the advantage, when properly

conducted, of the principle of collective bargaining, and both the employer and the employee recognize more than ever before their interdependence and their reciprocal obligations as well; so that with the spirit of fairness that generally prevails we have every reason to believe that unprincipled labor agitators on the one hand, and unreasonable employers on the other, are destined to become less serious obstacles to industrial peace.

Pernicious Politics.

The people of the country, of all classes, irrespective of political affiliations, are fortunately beginning to recognize the fact that politicians have in a large measure, by their indiscriminate and demagogic attacks on corporations, created a lack of confidence on the part of investors which has contributed to produce periods of depression. For that reason there is today a strong revulsion of feeling against the attitude of such legislators, and I believe we have every reason to hope that the compelling force of enlightened public opinion will in the future result in legislation facilitating, rather than, as has hitherto been the case, obstructing the processes of industrial development, while at the same time adequately safeguarding the interests of State, community and individual.

Education.

Another important problem, indirectly affecting our trade, is that of the curriculum of our public schools. The policy of our public school system is in a large measure directed to the preparation of boys for college and the university, subordinating the importance of preparing them for some efficient service in industrial and commercial pursuits. This is obviously wrong, and inexcusably so, when we consider the small percentage of pupils that enter the colleges and universities after graduation from the high schools. The curriculum of the public schools should be so arranged as to better equip the graduates to earn their livelihood in commercial and industrial vocations. I believe that boys should have *less erudition and more knowledge*. We should remember that "he is idle who is not best employed," and that there are far too many young men educated for professional life who add to the already congested ranks of the professions and whose energies could be far more profitably expended in other pursuits. They should be included in the producing, rather than in the non-producing class of the community.

Commercial Diplomacy.

During recent years our Consular Service has been greatly improved and reflects credit upon our Nation, but there is room for further improvement, and I would advocate in the selection of Consuls that due consideration be given to their qualifications for future service in the Diplomatic Corps, so that in the choice of ambassadors men who have attained distinction in the Consular Service would be available. We need business men and men of affairs rather than parlor-knights in our diplomatic service.

"High" Cost of Living.

The high cost of living has been one of the economic problems furnishing a good handle for the unscrupulous politicians, who always express great solicitude as to the welfare of the ultimate consumer immediately preceding elections.

The high cost of living has been ascribed to various causes, the more important of which are the tariff, the trusts, the middleman, the increased cost of distribution, the disproportionate growth of urban population, the shortage of farm products, the over-production of gold, etc. The jobber blames the wholesaler, the wholesaler the retailer, the retailer the consumer, the consumer the trust, the trust the labor unions, the labor unions the tariff—until the circle of crimination and recrimination in assigning the responsibility is complete. It is probably true that all of these causes have operated in some degree to that end.

The tariff, the so-called "mother of trusts," is the cause ascribed by free-traders to the high cost of living, but as the phenomenon is world-wide in extent, obtaining in free-trade countries as well as in countries having a high protective tariff, it must be apparent to any fair-minded person that the American protective tariff cannot be considered an important, certainly not a determining factor, in the high cost of living.

Trusts are also held to be responsible in a large degree for this result, but reports of investigating commissions show that there has been an important increase in the price levels of commodities even in countries where no trusts exist. These reports show further that many commodities, not produced or controlled by trusts, have risen in prices, and that the commodities manufactured by trusts have risen less in price relatively than those of independent industries. Nevertheless, trusts, if not wisely curbed and controlled, would undoubtedly exert a tremendous influence in determining prices.

But, more important than any of the factors yet referred to is the operation of the law of supply and demand in determining the price level of foodstuffs, which constitute an important item in the dietary of the consumer. A few years ago sixty per cent. of the people of this country were engaged in agricultural pursuits to supply foodstuffs to forty per cent. of the population as consumers. Today less than thirty per cent. are engaged in agriculture to supply the same commodities to seventy per cent. of our population. The effect of this is self-evident.

It is the consensus of opinion of the leading economists that the stupendous increase in gold production during the past few decades is the chief cause of the advancement in the general prices of commodities. This is confirmed by the remarkable correspondence in the prices of commodities as determined by index numbers and the world's gold supply during periods of fluctuating prices.

A secondary effect of the increased gold production is even more potent in its influence in determining high prices than the amount of gold produced itself. I refer to the extension of bank credits, upon which business transactions are chiefly based, made possible by the increased gold reserves.

Increased credit has given rise to great activity along every line of industry, but the activities have been chiefly in the development of industries which do not produce foodstuffs.

Then, finally, there can be no gainsaying the fact that the standards of living have improved greatly, and also that it is true, as many affirm, that high living is responsible in a large degree for the high cost of living. The luxuries of yesterday have become the acknowledged necessities of today.

National Inefficiency and Prodigality.

One of the great problems before the American people is how to increase efficiency—co-ordinated efficiency—in industry, in the political administration of City, State and Nation, and in our domestic affairs as well. Not only are we a nation characterized by prodigality, but one which has as yet devoted but little scientific endeavor to the curtailment of waste—waste in the consumption of millions of dollars yearly by preventable fires, waste in the development of our great timber tracts, our mines, our farms, economic waste from excessive industrial accidents, waste in our domestic affairs, and, indeed, in every phase of our national life.

Immigration.

One of the grave problems growing out of the war is the question of future immigration to this country. History has shown that following, and as a result of wars emigration has been accelerated and that America has been chiefly affected by such an exodus. While we should be opposed to any undue restriction of immigration, I still believe that the time has come when the welfare of the Nation generally must be safeguarded by exercising greater scrutiny as to the character of the immigrants admitted. Immediate legislation on this subject is needed to prevent the "dumping" into this country of an inferior lot of immigrants who have been pronounced in their home countries unfit for industry. We must also avoid an influx of immigrants who would be unassimilable in our citizenship.

I have been always opposed to the restriction of immigration based on an educational test alone, believing that a character test is very much more important. Deficiency in character cannot be supplied by any system of education, for as the African Zulus say, "Wherever a man moves he takes his character with him;" whereas lack of knowledge can and has been remedied in a short time by our excellent public school system. Following this line of thought, I would favor that the Ellis Islands be transferred to the home countries of the emigrants, and that our Consular Service be made responsible for the class of emigrants destined for our country. Also, that measures be taken by our national government to prevent a congestion of immigration in certain localities by directing the flow to sections of the country where a shortage of labor exists.

More Men of Affairs Needed in Congress.

In our last Congress, out of ninety-six members of the Senate and four hundred and thirty-five members of the House of Representatives only about seventy legislators were classified as business men. As a matter of fact, but few of that number could have qualified as such. This really means that the Congress of the United States cannot be regarded as a genuinely representative body. To make it such we should have a much larger representation than we have of the business man in the broader sense of the term; that is, not only manufacturers, merchants and bankers, but also farmers, engineers, leaders of labor organizations, scientific men, journalists, physicians, educators—as well as men of other vocations influential in the life of the Nation.

The unscientific and unbusinesslike way of conducting the business of our national administration cannot be better illustrated than by our lack of a national budget upon which to base estimates of expenditures for Governmental purposes. A good business administration in the conduct of our national affairs could effect a saving of upwards of two hundred million dollars yearly.

National Defense.

Preparedness—preparedness against war is one of the greatest, if not indeed the most important of the problems of today, demanding the immediate attention of our National Congress.

As the President of the World Court League, I wish to avail myself of this opportunity to correct any misapprehension as to the purpose of that League.

The present unspeakable conflict in Europe has brought with it a vivid realization of how unintelligent our present methods are, how pitifully we lack in the field of international relations the most elementary machinery for the redress of grievances and for the avoidance of conflict such as is provided in the internal organization of the State. The individual is safeguarded, the Nation defenseless when "might becomes right."

A World Court.

Those of us interested in this propaganda, i. e., the creation of a World Court, the prototype of which would be our own Supreme Court of the United States, to settle disputes between nations, do not labor under the delusion that such a court would render future wars impossible, but we do believe that by removing through judicial process many controversial issues between nations, the World Court would tend to minimize the liability of future wars, and would serve as a nation's first line of defense against foreign aggression.

Our World Court Committee realizes the futility of merely denouncing war by pacifists' platitudes and endeavoring to establish permanent peace among nations by resolutions pointing abstractly to the desirability of peace. Peace societies which go no further than this may

serve a purpose by agitating to create public sentiment against the enormity of war and the waste of militarism—armed peace, as it is called—but they fail utterly to suggest remedial measures.

Whether or not the European war, the greatest tragedy of all time, is to be included in the category of irrepressible conflicts may be an open question, but it is not a war of race against race, religion against religion, nor nation against nation, for the opposing armies represent an aggregation of diverse races, religions and nations, all animated, as they profess, by the instinct of self-preservation; all united in what they believe to be a righteous cause.

Neither is this a war of one form of government against another; of absolutism against democracy. If the object of the war was for territorial aggrandizement or for commercial supremacy it has been an egregious blunder, for the fruits of victory would not compensate for the legacy of hatred and reprisal that will inevitably ensue. Nor will any material gains compensate for the stupendous financial cost. Every world war must be an insensate sacrifice of precious lives and a waste of a nation's resources. Whichever side wins, the result will be a Cadmean victory, for which the whole civilized world pays the penalty.

And it would seem that the submission of the controversy to a World Court would have revealed the underlying causes of the war, and the decision of the World Court, with the moral influence of the neutral nations of the world behind it, would surely have exerted a restraining influence upon the bellicose nations.

We believe that publicity, the sunlight of God's truth, is what is most needed in international relations; that there must be no more secret treaties between nations, but that all agreements and all treaties must be recorded upon a register in the custody of a great International Court, open to the world.

Such publicity, representing unqualifiedly, unmistakably, the mutual obligations of the members of the Entente, on the one hand, and of the Allies on the other, would, we now know, have prevented the war. This is evidenced by Germany's admission that the final line-up of the Powers was far different from what she had expected. I refer to the attitude of England and Italy in Germany's diplomatic miscalculations. It is inconceivable that the Central Powers would have gone to war if they had known that in addition to Russia and France, they would have been opposed by England, Italy and Japan.

I have had many years of experience among the peoples of all the warring nations, and as the result of that experience, I entertain a high regard for all of them. I know them all to be imbued with lofty ideals, and, in fact, very similar ideals; and I would, therefore, hesitate to ascribe to the great mass of the peoples of a particular nation any inherent virtue that the same class of another nation does not possess in an equal degree. Honesty, courage, patriotism, sympathy and hospitality, the fundamental virtues, are common to them all; and so, too, indeed—alas! the pity of it—a peaceful disposition. It is by stimulated misunderstanding that the latent savagery, common to all men, is aroused and the

passions engendered, when unrestrained, lead to war; and the vaulting ambitions of selfish and incompetent statesmanship of those shaping the destiny of nations are at fault, rather than the peoples of the nations themselves. And it seems unbelievable that the co-operation of the great intellects of the world, exercising but a modicum of that ingenuity expended in the invention of terrible engines of destruction, should not be able to devise a plan by which the nations of the world would submit their controversies to a Supreme Court of Nations, and thus relegate to the scrap-heap of progressive civilization the settlement of disputes by the arbitrament of arms.

National neutrality; national impotency; national isolation; none of these can avail to assure a nation's integrity against the exigencies of modern warfare.

With Germany armed to the teeth; Belgium unprepared, and both now at war; however much we may deplore the fact, we are forced to believe by the logic of events that in the present state of international politics the only safeguard a nation has is its own power to defend itself against foreign aggression.

In view of these facts, we earnestly advocate an adequate national defense to prevent the possibility of our Nation being subjected to either the humiliation of China or the agony of Belgium.

That we have not the power to defend ourselves is now universally admitted—reluctantly admitted, it is true—by some whose duty it was to apprise the Nation early of the fact so that it should no longer be lulled into a feeling of security based upon misrepresentations which unwisely considered political expediency rather than the welfare of the Nation.

But it is no time for crimination and recrimination as to the responsibility for our present utterly defenseless condition.

Only two objections can be urged against military preparedness. The ultra-pacifist peace-at-any-price class oppose it because they fear that our Nation might develop a spirit of imperialism; jingoism; or a militaristic mania which would, if such were the case, undoubtedly tend to provoke rather than to prevent war.

Against this contention we would urge, as an irrefutable argument, the cosmopolitan character of our population which tends to conservatism in our international relations; the unimpeachable tradition of the pacific policy of our Nation from its very inception; the fact that it has no occasion and no ambition for territorial expansion, and the fact that, in the long run, its prosperity is best subserved by the maintenance of peace.

And we would ask the question if we Americans cannot depend upon our own self-restraint; if we cannot entrust to our own people the exercise of might for the reasons advanced against preparedness, what convincing argument can there be that governments of other nations, possessing superior power, might not abuse that power when international controversies arise?

We believe that the mania for peace at any price and unpreparedness is a far greater peril to the Nation than the mania for militarism.

There is a second objection: the cost of national defense. The estimated wealth of our Nation is upwards of one hundred and eighty-five billion dollars. It is the opinion of recognized authorities that the expenditure of less than one billion dollars, in addition to our present naval and military budget, would provide a navy and an army that would afford the Nation adequate protection against any probable contingency—that is, an expenditure not exceeding the cost of a few weeks' war on the part of any of the present belligerents. An expenditure far less than could be inflicted on our country by a first-class Power within a few weeks of the outbreak of war. And therefore, while all thoughtful men admit that the maintenance of great armies and navies is a futile expenditure in that it serves no useful purpose; that it is a prodigal expenditure in that it diverts enormous sums of money from the alleviation of human suffering to which it could otherwise be applied; nevertheless, they believe that under existing conditions it would be indefensible, indeed execrable parsimony to oppose national defense solely because of the expense involved.

We believe that time, in carrying out our program of national defense, is of vital importance not only as a safeguard against menace, but to enable our Nation to exercise an influence in the Council of Nations commensurate with our position among the nations of the world in the adoption of international policies.

It is in our own interest, in the interest of other neutral nations, and the world in general that we play an important role at that time.

We believe that America because of her conspicuous advocacy of peace, her irrefragable neutrality, her commanding position in finance, industry and commerce, and especially because of her cosmopolite population, composed of such large numbers racially affiliated with each of the warring nations, is pre-eminently the Nation, the Nation ordained by Providence, to lead the World Court movement and to take such steps at the opportune moment as shall expedite the termination of the great tragedy being enacted in this twentieth century of our vaunted Christian civilization, a tragedy unparalleled in the world's history.

This is our sacred duty! Let it be our golden opportunity!!

**END OF
TITLE**